



Tax Intercept

The Child Support Program uses Tax Intercept to collect past-due child support, family support, birth expenses, maintenance (alimony), medical support, costs and fees. (Medical support orders must be a dollar amount—such as an order for \$20 a month.)

Important to Know: Past-due support may be “assigned” if the family received cash benefits from W-2, SSI Caretaker Supplement, Aid to Families with Dependent Children (AFDC) or if Medicaid paid for a child’s birth costs. “Assigned” past-due support is:

1. The past-due child support that built up before the family started getting cash benefits.
2. The past-due child support that built up while the family got cash benefits.

When are tax refunds intercepted?

Federal Tax refunds are intercepted if:

- The past-due support on a court case is \$500 or more
- The past-due support on a court case is \$150 or more if all or part of the past-due support is “assigned”
- The children are under the age of 18
- The children are over 18 if the past-due support is “assigned”
- Child support knows the Social Security number of the parent who owes past-due support
- The parent who receives support also receives enforcement services from his/her local child support agency

State Tax refunds are intercepted if:

- The past-due support on a court case is \$150 or more
- Child support knows the Social Security number of the parent who owes past-due support
- The parent who receives support also receives enforcement services from his/her local child support agency
- The case is a Wisconsin child support case

Who gets the intercepted refund?

The **Federal Tax Intercept first pays past-due support that is “assigned,”** then pays past-due support owed to the family. Families who got cash benefits from the W-2 program will get part of the “assigned” past-due support.

The **State Tax Intercept first pays current support** on all the paying parent’s cases. If a family gets cash benefits from the W-2 or SSI Caretaker Supplement programs, the family will get part of the current support that is paid by the intercepted state refund.

How does the Tax Intercept Program work?

- Child support mails a 1-time notice to parents who owe past-due support the first year that the debt is reported to the federal Internal Revenue Service (IRS) or Wisconsin Department of Revenue (DOR). The notice includes information about appealing the intercept. (If the debt is paid off but builds up again, another notice is mailed to the parent.)
- Child support sends the names of parents owing past-due support and the amount owed to the IRS and the DOR. The amounts of past-due support are updated regularly. The amounts may go up or down depending on how much support is paid or not paid.
- **Federal tax refunds:** The IRS takes the past-due support out of the paying parent’s federal income tax refund. The IRS then sends the rest of the refund to the paying parent. The US Treasury mails a letter to the paying parent stating how much of the refund was intercepted and where it was sent. The Wisconsin Support Collections Trust Fund usually gets the tax intercept four to five weeks after the paying parent gets the US Treasury letter.

- **Federal refunds continued**

- Refunds intercepted from **Federal Joint Returns** are held for six months. However, the paying parent gets credit for the support payment immediately. (The hold protects the parent who receives the collection from having to repay intercepted refunds if the IRS changes the refund. This hold does not guarantee that the IRS will not recall the money received at a later time.) After the 6-month hold, the Wisconsin Support Collections Trust Fund sends the refund to the parent receiving support.
- Refunds intercepted from **Federal Non-Joint Returns** are not held.
- **State tax refunds:** DOR takes the support out of the paying parent's state tax refund. DOR sends the rest of the refund to the paying parent. DOR then sends a letter to the paying parent stating how much of the refund was intercepted and where it was sent. The Wisconsin Support Collections Trust Fund usually gets the state tax intercept 10 days after the paying parent receives the letter. The Wisconsin Support Collections Trust Fund immediately sends the money to the parent receiving support.

Questions and Answers for PAYING Parents

How will I know if my tax refunds will be intercepted?

- Child support will mail you a notice when your debt is reported to the IRS or DOR. (If you pay off your debt, but then the debt builds up again, you will receive another notice.) This notice is sent to your address listed with your child support agency and
 - Gives you information on how to appeal the intercept
 - Gives you information on joint tax returns

The US Treasury and the state DOR will mail you a notice when your refund is intercepted. The notice will tell you the amount intercepted and where the money was sent.

Is tax intercept used to collect birth costs if I live with the other parent and the child?

Yes. If Medicaid paid for the birth costs, tax intercept may be used to pay back the Medicaid program even if you live with the other parent and the child. For more information, please see the brochure *Medicaid, Child Support and Repaying Birth Costs*. This brochure is available

- On the Internet at **childsupport.wisconsin.gov**
- From your child support agency

If I am making payments on my past-due support (or birth costs), is tax intercept still used?

Yes, if your case meets the requirements listed on the first page under "When are tax refunds intercepted?"

I plan to file a joint return with my new spouse. Will my new spouse's tax refund be taken too?

No, not if you also file an "Injured Spouse Claim" (IRS form 8379) with your federal joint return. The Injured Spouse Claim will allow your spouse to receive up to half of the refund. If you have questions about the Injured Spouse Claim, or if your spouse's portion of a refund was intercepted after you filed an Injured Spouse Claim, contact the IRS at **1-800-829-1040**.

You do not need to file an Injured Spouse Claim with your joint Wisconsin state tax return. The state DOR calculates your share of a joint refund and only intercepts your share of the refund. Your spouse's share of the refund will be sent to your spouse.

What happens if I paid all the past-due support before my tax refund was intercepted?

The IRS and the state DOR only intercept the reported amount owed at the time they process your tax return. If your intercepted refund is more than the support amount owed when the Wisconsin Support Collections Trust Fund gets your intercepted refund, the rest of the tax refund will be sent to you immediately.

I owe \$500 in past-due support. You took \$500 from my federal refund and \$500 from my state refund. Why?

Child support sends the names of parents who owe past-due support to both the IRS and the Wisconsin DOR. If the IRS and state DOR process your returns at the same time, both agencies might intercept your refunds. If just one of your refunds pays the entire amount owed, your other refund is immediately returned to you. On the

PAYING parents continued

other hand, if the first refund did not pay the entire debt, the rest of your debt will be taken from your second refund. When your support is paid in full, any remaining refund will be sent to you immediately.

Why was my state refund used to pay current support?

A federal law states that intercepted state refunds must first pay all current support you still owe for the month. After current support is paid for all your court cases, any money left from the state tax intercept is shared by the families you owe past-due support. If you or your employer sends in a payment for current support after the tax intercept paid the month's current support, the payment will be used for your past-due support.

Questions and Answers for Parents who RECEIVE Child Support

When will I receive the child support payment from the tax intercept?

- First, the parent owing support must file a tax return and have a refund due
- You will usually get the support payment from federal joint returns about six months after the payment is posted to your account on Child Support Online Services at **childsupport.wisconsin.gov**
- You will usually receive the support payment from all state refunds and federal non-joint refunds within two days after the Wisconsin Support Collection Trust Funds receives the tax intercept

If the paying parent requests a hearing about the tax intercept, the money cannot be sent to you until after the hearing.

How do I find out when I am going to get the tax intercept?

Payments listed online at **childsupport.wisconsin.gov** that are from an intercepted tax refund will have "source" as a tax intercept. The date listed for a federal tax intercept from a joint return is the date the Trust Fund gets the money. You can expect the payment about six months later.

The KIDS Information Line can tell you the amount of the federal joint tax intercept, the date received and the release date.

- Metro Milwaukee area (414) 615-2400
- Outside the Metro Milwaukee area (800) 991-5530
- TDD (877) 209-5209

Support checks from intercepted refunds will look like regular child support checks. The check stub will state if it is from an intercepted tax refund.

The other parent owes past-due support to two families. How much will I get?

The collection from a state tax intercept is first used to pay all current support due in that month. The state refund must first pay any **current support** for **all** the payer's court orders. Then any remaining state refund is split among the families who are owed past-due support.

Example: A parent owes \$500 in past-due support to Family A and owes \$750 in past-due support to Family B. After paying the current support owed for the month, \$100 is left. Family A is owed 40% of the past-due support and would receive \$40 (of the \$100 left). Family B is owed 60% of the past-due support and would receive \$60.

Please remember: the federal tax intercept pays assigned past-due support first.

Do I pay a fee for intercepted tax refunds?

Yes. If you receive a support payment from a tax refund, the fee is 10% of each collection of \$10 or more. The fee will not be more than \$25. The fee is taken out of the support payment before it is sent to you. This fee cannot be waived. The fee may be credited to your account if the IRS or DOR later recalls the intercepted refund.

What if Medicaid paid for my baby's birth costs?

If Medicaid paid for the birth costs, the intercepted federal refunds may be used to repay Medicaid.

Both Parents, please note:

- No matter how much past-due support a parent owes, the most that can be intercepted is the amount of the tax refund itself. For example – If the refund is \$200 and the past-due support owed is \$500. Only \$200 (the full refund) can be intercepted.
- If the amount of the tax refund is more than the past-due support owed, only the amount owed will be intercepted. For example – A parent owes \$200, and the tax refund is \$500. Only \$200 will be intercepted. The remaining \$300 is returned to the paying parent.
- If the IRS or DOR recalls the tax intercept money, the parent who received the intercepted money must return the money to the Wisconsin Support Collections Trust Fund. This might happen for a number of reasons, such as a mistake on the tax return. If the money cannot be repaid all at once, a payment plan can be arranged.
- Child Support Online Services, **childsupport.wisconsin.gov**, shows you that the payment's "source" is a tax intercept. The date listed for a federal tax intercept from a joint return is the date the Trust Fund got the money. The paying parent gets immediate credit. The payment is sent out about six months later (after the hold).
 - Starting in spring 2006, Child Support Online Services, **childsupport.wisconsin.gov**, will show the amount of past-due support owed on your case.
- The KIDS Information Line can tell you the amount of the federal joint tax intercept, the date it was received and the release date.
 - Metro Milwaukee area (414) 615-2400
 - Outside the Metro Milwaukee area (800) 991-5530
 - TDD (877) 209-5209

For more information, contact:

For information about your child support case, please contact your local child support agency. Agency phone numbers are listed in your phone book under "county government" or tribal name and on the Internet at childsupport.wisconsin.gov.

DWD is an equal opportunity employer and service provider. If you have a disability and need to access this information in an alternate format, or need it translated to another language, please contact (608) 266-9909 or (800) 947-3529 TTY (Toll Free).